GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2180
ANSWERED ON:11.12.2015
Bank Loan Interest Rate
Choudhary Shri Ram Tahal;Jadhav Shri Prataprao Ganpatrao

Will the Minister of FINANCE be pleased to state:

(a) whether the loans are being provided and availed at higher rate of interest in the rural areas;
(b) whether the rural people are not able to repay their loan due to high rate of interest, if so, the details thereof ; and
(c) the corrective steps taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): The interest rates on various types of loans provided by banks may differ from bank to bank, but for a particular bank, they are uniform across the country. The lending rates of banks have been deregulated and these rates are determined by the banks themselves based on their commercial judgement as approved by their respective Boards. However, for institutional credit to farmers the Government provides interest subvention to make short-term crop loans upto Rs.3 lakh at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%. In order to discourage distress sale of produce by small and marginal farmers, post-harvest loans against Negotiable Warehouse Receipts (NWRs) are provided by banks to Small Farmers/Marginal Farmers having Kisan Credit Card (KCC), at the interest rate of 7% per annum for a period of upto six months.
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